

106TH CONGRESS
2D SESSION

H. R. 4505

To require the Secretary of the Treasury to retire publicly held debt each fiscal year, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 19, 2000

Mr. BASS introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on the Budget, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To require the Secretary of the Treasury to retire publicly held debt each fiscal year, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Debt Reduction and
5 Control Act of 2000”.

6 **SEC. 2. DEBT REDUCTION AND CONTROL SCHEDULE.**

7 (a) IN GENERAL.—Subchapter I of chapter 31 of title
8 31 of the United States Code is amended by adding at
9 the end the following new section:

1 **“§ 3114. Debt reduction and control schedule**

2 “(a) During fiscal year 2002 and each fiscal year
3 thereafter, the Secretary of the Treasury shall retire pub-
4 licly-held obligations issued under this chapter as set forth
5 in subsection (b).

6 “(b)(1)(A) Except as provided by paragraph (3), dur-
7 ing any fiscal year referred to in subsection (a), publicly-
8 held obligations issued under this chapter shall be retired
9 by an amount not less than \$400 billion (as adjusted
10 under paragraph (2)) minus the estimated net interest on
11 payments required to be paid during that fiscal year by
12 the United States Government on such debt obligations.

13 “(B) The Secretary shall ensure that the retirement
14 of such debt in any fiscal year produces a net reduction
15 in the face amount of publicly-held obligations issued or
16 guaranteed under this chapter by the amount of obliga-
17 tions retired under subsection (a).

18 “(2)(A) For fiscal year 2003 and each fiscal year
19 thereafter, the Secretary of the Treasury shall increase the
20 amount referred to in paragraph (1)(A) by the percent
21 (adjusted to the nearest one-tenth of 1 percent) by which
22 the price index for the base quarter of that fiscal year
23 exceeds the base index.

24 “(B) As used in this paragraph:

1 “(i) The term ‘price index’ means the Con-
2 sumer Price Index (all items, United States city av-
3 erage) published by the Bureau of Labor Statistics.

4 “(ii) The term ‘base quarter’ means the cal-
5 endar quarter ending on December 31 of each year.

6 “(iii) The term ‘base index’ means the price
7 index for the base quarter for the most recent ad-
8 justment under subparagraph (A) (or, in the case of
9 fiscal year 2003, the base quarter is the calendar
10 quarter ending on December 31, 2002).

11 “(C) For purposes of this paragraph, the price index
12 for a calendar quarter is the arithmetical mean of the
13 price index for the 3 months comprising that quarter.

14 “(3)(A) Except as provided by subparagraph (C), if,
15 by the close of any fiscal year referred to in subsection
16 (a), the Secretary of the Treasury determines that the net
17 reduction in the debt required by this section cannot be
18 met because—

19 “(i) appropriations designated as emergency re-
20 quirements under section 251(b)(2)(A) or any provi-
21 sion of direct spending or receipts legislation so des-
22 ignated under section 252(e) of the Balanced Budg-
23 et and Emergency Deficit Control Act of 1985 is en-
24 acted for the fiscal year in excess of offsets for such
25 appropriations for that year;

1 “(ii) mandatory spending during the fiscal year
2 was in excess of estimates of such spending set forth
3 in the joint explanatory statement of managers ac-
4 companying the concurrent resolution on the budget
5 for the fiscal year; or

6 “(iii) projected Federal revenues during the fis-
7 cal year are less than the levels for such revenues as
8 set forth in such concurrent resolution on the budg-
9 et;

10 the Secretary of the Treasury shall reduce the net reduc-
11 tion in the debt otherwise required by this section by the
12 amount of the shortfall.

13 “(B) By October 16 of the calendar year in which
14 such fiscal year ends, the Secretary of the Treasury shall
15 submit a report to each House of Congress that sets
16 forth—

17 “(i) the basis of the determination made for
18 that fiscal year pursuant to subparagraph (A);

19 “(ii) the amount of the shortfall by which the
20 net reduction in the debt otherwise required by this
21 section cannot be met; and

22 “(iii) feasible options for eliminating in the en-
23 suing fiscal year (or years) the amount of the short-
24 fall in the net reduction in the debt set forth in this

1 report under clause (ii) for the fiscal year imme-
2 diately preceding such ensuing fiscal year.

3 “(C) Notwithstanding any other provision of this sec-
4 tion, if the Secretary of the Treasury determines for any
5 fiscal year referred to in subsection (a) that the level of
6 publicly-held debt obligations at the close of such fiscal
7 year will be less than \$300 billion, the Secretary is not
8 required to make any further adjustments under this sec-
9 tion.

10 “(c) No obligations retired under subsection (a) may
11 be reissued.

12 “(d)(1) Notwithstanding any other provision of this
13 section, this section shall not be effective for any fiscal
14 year if—

15 “(A) a declaration of war is in effect; or

16 “(B) specifically waived by law because the
17 United States is engaged in military conflict that
18 causes an imminent and serious military threat to
19 national security.

20 “(2) Notwithstanding any other provision of this sec-
21 tion, this section shall not require obligations issued under
22 this chapter to be retired for any fiscal year to the extent
23 that Congress determines, by law, that such obligations
24 are necessary to cover deficit spending required to meet
25 outlays under the old-age, survivors, and disability insur-

1 ance program under title II of the Social Security Act and
 2 the hospital insurance program under title XVIII of such
 3 Act as the result of a shortfall in payroll tax receipts.

4 “(e) For purposes of this section:

5 “(1) The term ‘publicly-held obligation’ means
 6 any obligation subject to the public debt limit estab-
 7 lished under section 3101, except any obligation
 8 issued under this chapter directly to a Federal fund.

9 “(2) The term ‘Federal fund’ means any Fed-
 10 eral trust fund or Government account established
 11 pursuant to Federal law to which the Secretary of
 12 the Treasury has issued or is expressly authorized
 13 by law directly to issue obligations under this chap-
 14 ter in respect of public money, money otherwise re-
 15 quired to be deposited in the Treasury, or amounts
 16 appropriated.”.

17 (b) CONFORMING AMENDMENT.—The chapter anal-
 18 ysis of subchapter I of chapter 31 of title 31, United
 19 States Code, is amended by adding at the end the fol-
 20 lowing new item:

“3114. Debt reduction and control schedule.”.

21 **SEC. 3. CHANGE IN FUNCTIONAL CATEGORY 900.**

22 The Director of the Office of Management and Budg-
 23 et shall, in consultation with the Committees on the Budg-
 24 et of the House of Representatives and Senate and the
 25 Director of the Congressional Budget Office, change func-

1 tional category 900 (net interest) to functional category
 2 900 (net interest; debt reduction and control) to clearly
 3 display net interest and the net debt reduction required
 4 by section 3114 of title 31, United States Code, for each
 5 applicable fiscal year.

6 **SEC. 4. REPORTING REQUIREMENTS.**

7 (a) REPORTS ACCOMPANYING BUDGET RESOLU-
 8 TIONS.—Section 301(e)(2) of the Congressional Budget
 9 Act of 1974 is amended by striking “and” at the end of
 10 subparagraph (E), by striking the period and inserting “;
 11 and” at the end of subparagraph (F), and by adding at
 12 the end the following new subparagraph:

13 “(G) an estimate of the amount of debt ob-
 14 ligations required to be retired for the first fis-
 15 cal year of the resolution under section 3114 of
 16 title 31, United States Code, indicating the
 17 amount of this required debt retirement to be
 18 retired through on-budget direct spending and
 19 the amount (if any) of this required debt retire-
 20 ment expected to be retired through the pro-
 21 jected off-budget surplus for that fiscal year.”.

22 (b) JOINT EXPLANATORY STATEMENTS ACCOM-
 23 PANYING CONFERENCE REPORTS ON BUDGET RESOLU-
 24 TIONS.—Section 308 of the Congressional Budget Act of

1 1974 is amended by adding at the end the following new
2 subsection:

3 “(d) ADDITIONAL REQUIREMENT FOR JOINT EX-
4 PLANATORY STATEMENTS.—The joint explanatory state-
5 ment accompanying a conference report on a concurrent
6 resolution on the budget shall include an estimate of the
7 amount of debt obligations required to be retired for the
8 first fiscal year of the resolution under section 3114 of
9 title 31, United States Code, indicating the amount of this
10 required debt retirement to be retired through on-budget
11 direct spending and the amount (if any) of this required
12 debt retirement expected to be retired through the pro-
13 jected off-budget surplus for that fiscal year.”.

14 (c) CBO REPORTS TO BUDGET COMMITTEES.—Sec-
15 tion 202(e)(1) of the Congressional Budget Act of 1974
16 is amended by adding at the end the following new sen-
17 tence: “Such report shall also include an estimate of the
18 amount of debt obligations required to be retired for such
19 fiscal year under section 3114 of title 31, United States
20 Code.”.

21 (d) PRESIDENTS’ BUDGET SUBMISSIONS TO CON-
22 GRESS.—Section 1105(a) of title 31, United States Code,
23 is amended by adding at the end the following new para-
24 graph:

1 “(33) an estimate of the amount of debt obliga-
2 tions required to be retired under section 3114 for
3 the fiscal year for which the budget is submitted, in-
4 dicating the amount of this required debt retirement
5 to be retired through on-budget direct spending and
6 the amount (if any) of this required debt retirement
7 expected to be retired through the projected off-
8 budget surplus for that fiscal year.”.

9 (e) ADDITIONAL REPORTING REQUIREMENTS.—(1)
10 Within 3 months after the date of enactment of this Act,
11 the Secretary of the Treasury shall report to Congress a
12 plan to change the composition of debt issued under chap-
13 ter 31 of title 31, United States Code, in order to accom-
14 modate most efficiently the debt reduction and control
15 schedule set forth in section 3114 of such title.

16 (2) Within 6 months after the date of enactment of
17 this Act, the Comptroller General of the United States
18 shall report to Congress on the efficacy of such plan and
19 possible alternatives to such plan.

20 (3) Within 6 months after the date of enactment of
21 this Act, the Secretary of the Treasury, the chairman of
22 the Federal Reserve Board, and the Comptroller General
23 shall report to Congress on the fiscal, monetary, and other
24 budget and economic consequences and considerations re-
25 sulting from this Act and the amendments made by it that

1 should be taken into account by Congress that might re-
2 quire further legislative action.

3 (4) Within 24 months after the date of enactment
4 of this Act, the Secretary of the Treasury, the chairman
5 of the Federal Reserve Board, and the Comptroller Gen-
6 eral shall report to Congress with recommendations on the
7 optimal long-term size and composition of Federal pub-
8 licly-held debt and proposals for changes in current pro-
9 grams and practices necessary to accommodate such a
10 level of debt, including any changes to or alternatives for
11 the savings bond program and Federal bonds issued in
12 connection with State and local bonds.

13 (5) Within 24 months after the date of enactment
14 of this Act and annually thereafter, the entities listed in
15 paragraph (4) shall report to Congress any updates or re-
16 visions to any reports they have made under this sub-
17 section.

18 **SEC. 5. CONGRESSIONAL ENFORCEMENT.**

19 (a) IN GENERAL.—Section 312 of the Congressional
20 Budget Act of 1974 is amended by adding at the end the
21 following new subsection:

22 “(g) POINT OF ORDER TO ENFORCE DEBT REDUC-
23 TION AND CONTROL SCHEDULE.—It shall not be in order
24 in the House of Representatives or in the Senate to con-
25 sider any concurrent resolution on the budget, or any

1 amendment thereto or conference report thereon, that
 2 would result in a projected deficit for the first fiscal year
 3 of the resolution.”.

4 (b) CONFORMING AMENDMENTS.—(1) Section
 5 904(c)(2) of the Congressional Budget Act of 1974 is
 6 amended by striking “and 312(c)” and inserting “312(c),
 7 and 312(g)”.

8 (2) Section 904(d)(3) of the Congressional Budget
 9 Act of 1974 is amended by striking “and 312(c)” and in-
 10 serting “312(c), and 312(g)”.

11 **SEC. 6. EXEMPTIONS FROM THE BALANCED BUDGET AND**
 12 **EMERGENCY DEFICIT CONTROL ACT OF 1985.**

13 (a) PAYGO EXEMPTION.—Upon the enactment of this
 14 Act, the Director of the Office of Management and Budget
 15 shall not make any estimates of changes in direct spending
 16 outlays under section 252(d) of the Balanced Budget and
 17 Emergency Deficit Control Act of 1985 resulting from the
 18 enactment of this Act.

19 (b) EXEMPTION FROM SEQUESTRATION.—Section
 20 255(c) of the Balanced Budget and Emergency Deficit
 21 Control Act of 1985 is amended—

22 (1) by inserting “; DEBT RETIREMENT” after
 23 “NET INTEREST” in its side heading;

24 (2) by inserting “(1)” before “No”; and

1 (3) by adding at the end the following new
2 paragraph:

3 “(2) No reduction of payments to retire the public
4 debt under section 3114 of title 31, United States Code,
5 shall be made under any order made under this part.”

6 **SEC. 7. EFFECTIVE DATE.**

7 The amendments made by this Act shall apply to fis-
8 cal year 2002 and each fiscal year thereafter.

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